

MINUTES OF REGULAR MEETING OF KISSIMMEE UTILITY AUTHORITY, HELD  
WEDNESDAY, JUNE 24, 1992, AT 6:00 PM, ADMINISTRATION BUILDING,  
KISSIMMEE, FLORIDA

Present at the meeting were Chairman Hord, Secretary Bobroff, Assistant Secretary Lowenstein, Director Jones, Director Gant, Mayor Pollet, Attorney Brinson, President & General Manager Welsh and Recording Secretary Rundio.

A. **MEETING CALLED TO ORDER** at 6:00 PM by Chairman Hord.

B. **AWARDS AND PRESENTATIONS**

1. **5-YEAR SERVICE AWARD - JAMES GREEN**

James Green, Power Plant Operator, was unable to be present; however, Jeff Ling, Manager of Production, accepted on his behalf the award of a seven-piece beverage set.

The Board members passed along their appreciation for James' contributions and hard work during his five years of service.

2. **5-YEAR SERVICE AWARD - MARY JOHNS**

3. **5-YEAR SERVICE AWARD - ESTELLE PULASKI**

Mr. Welsh briefly highlighted Mary's and Estelle's work history at KUA.

Mary joined our Accounting Division in June, 1987 and is responsible for processing and payment of all invoices and check requests. She is conscientious and courteous and promptly responds to other employees' requests. Mary was selected January Employee of the Month in 1991.

Estelle originally began working in the Customer Service Department and three years ago switched to the Accounting Division. Estelle prepares bank reconciliations, journal entry processing and maintains accounting related worksheets. Estelle was selected as the April, 1990 Employee of the Month by her fellow employees.

Both Mary and Estelle have contributed significantly to KUA. Following their introductions to the Board, Chairman Hord thanked them for their contributions to KUA and presented them with service awards of their choosing, seven-piece beverage sets.

4. **JULY EMPLOYEE OF THE MONTH - ANTHONY WILSON**

"Tony" Wilson, Warehouse Clerk, works in the warehouse and pole yard. Tony does a great job and was spontaneously nominated and selected as Employee of the Month by his fellow employees. This speaks well of him for doing an outstanding job. Tony and his wife are also the recent proud parents of a baby girl!

On behalf of the Board of Directors, Tony was presented with a plaque and a \$100 Savings Bond, with their congratulations. He will also receive a day off, with pay, and a "reserved" parking space for July.

C. **HEAR THE AUDIENCE** - There was no audience response.

**D. PUBLIC HEARING**

**1. FISCAL YEAR 1993 BUDGET RESOLUTION NO. R92-6**

Joe Hostetler, Director/Finance, stated the FY 1993 Budget totals \$117,499,799. He distributed an Errata sheet and described some budget differences. Estimated sources of funds was reduced by \$100,000. Originally a 4% market level increase for employees was built into the budget; however, the Board approved a 3% increase, bringing the personnel costs down by \$90,822. A decrease in St. Lucie costs was had of over \$600,000 which was built into Power Supply's budget. Operations and Maintenance costs decreased by \$600,992. Other changes also lowered revenues somewhat.

Chairman Hord announced the public hearing and asked for audience input. There was no audience response.

**Director Bobroff moved to approve staff's recommendation of the FY 1993 Budget and Resolution No. R92-6 (copy attached to the Minutes), totaling \$117,499,799. Seconded by Director Lowenstein.**

Mr. Hostetler explained our selected financial ratios for 1991, 1992 and 1993, as requested by the Board at the June 3, 1992 meeting. Questions by the Board were responded to by staff.

**Motion carried 5 - 0**

**E. INFORMATIONAL PRESENTATIONS (REQUIRING NO ACTION)**

**1. STATEMENT OF FINANCIAL ACCOUNTING STANDARD - (SFAS) #71**

Due to having a shorter agenda at this meeting, the SFAS (originally FASB-71) Special Meeting was included here, thereby eliminating the June 25 meeting.

Mr. Hostetler stated this is a statement of the Financial Accounting Standards Board (FASB) dealing with regulating industry. We are regulated by the Public Service Commission. He said he tried to estimate what the effect of moving business accounting changes would have on our future financial statements. Following research, if we were to be able to accomplish the rate decrease we wanted, he would have to move to this accounting standard at this time. Basically, it gives us revenue in the early years and reverses that revenue trend in later years. This change in accounting has been incorporated in the Annual Budget passed by the Board tonight, in the projections shown earlier this year, and it will also be used in the 10-Year Plan. Work is proceeding on researching original bond issues, etc. to obtain the numbers needed.

Mr. Mike Barrett, Coopers & Lybrand (C&L), KUA's external auditors, distributed and via overheads explained a brochure entitled, "Utility Accounting and Rate Setting - June, 1992", giving a background history of utility accounting and rate setting and how utilities should account for items because of regulation. Controversy between GASB (Governmental Accounting Standards Board) and FASB is continuing over who should govern electric, water and other entities. Briefly, GASB won and FASB lost. Particularly important to the rate reduction is the need that income is stated to reflect the economics of how rates are set.

Director Bobroff, referring to the agenda item, asked whether KUA's 15% rate decrease came just prior to this new SFAS-71 system

going into effect which created a loss and will not show on the income statement. He said the KUA Charter states the KUA Board shall operate this utility on a business-like basis. He said if that does not show up on that statement, then there is no way of determining the percentage of profit versus sales.

Mr. Barrett responded that, from a financial standpoint, both from a net earnings perspective and a trend in earnings perspective there is no reason to hurry up the change. The GASB/FASB has to work its way out. Normally there are small principle repayments in early years and greater in later years.

In response to Chairman Hord's question, Mr. Barrett explained the definition of accounting depreciation and the theory of why its used. It is a loss of service value of fixed assets or allocation of the cost of fixed assets to an accounting period over the life of that asset. He highlighted the curve of the current rate impacts on debt repayments and depreciation. Currently, we are partially applying FASB methods. KUA is the regulator. Our choice is to either use FASB or stay with GASB and show we're hurting on the profit and loss with this 15% rate reduction, but actually still have cash in our pocket. Mayor Pollet said this system would try and get us back to a closer cash basis and gave his interpretation of this accounting practice. This was a very difficult and complicated system to relate to and understand.

Director Bobroff asked that a graph be made showing dollars and cents, year-by-year, indicating when we will be required to increase our rates. Mr. Barrett said this would be done.

Mr. Barrett said FMPA and other utilities have been on the system converted to by KUA for a number of years.

Chairman Hord stated he did not realize we were changing the accounting system to make the 15% work. Mayor Pollet said he did not think that is why we changed the accounting system. He said C&L were recommending changing for over a year and half anyway; it was coincidence it happened when the rate reduction was put through. One did not cause the other to occur. Mr. Welsh said we have been discussing the timing of this for three years now before bringing it to the Board. He stated we could go back and not adopt this method. Discussion continued on our bond ratings and the reason for them, how our insurance was affected, refinancing debt service and our depreciation.

Chairman Hord thanked Mr. Barrett for his presentation.

#### **F. OLD BUSINESS**

##### **1. RESOLUTION CLARIFYING CERTAIN ITEMS IN AN EARLIER RESOLUTION NO. 91-8**

At the May 27 meeting, the Board suggested clarifying how Resolution No. 91-8 on Load Management was worded. Attorney Brinson and staff clarified the questioned portion to specify having Load Management required for installation purposes and for operating purposes for any new customers after December 31, 1991. This was accomplished by Resolution No. 92-5, recommended to the Board for approval.

**Director Jones moved to accept staff's recommendation for approval of Resolution 92-5 on Load Management (copy attached to the Minutes). Seconded by Director Lowenstein.**

**Motion carried 4 - 1  
Director Gant opposed**

**2. KUA/FMPA/DDC AGREEMENT**

Ken Davis, Director/Engineering, briefly stated that Disney Development Corporation (DDC) discontinued negotiations with KUA and FMPA and dropped out of all discussions concerning participating in the relocation of transmission lines. We are attempting to check out an alternate route following the canal from the plant site. We are planning to discuss this with South Florida Water Management District and pursue that on our own. The Joint Participation Agreement, however, is a moot point.

Based on our estimates, the financial impact shows \$9.2 million, \$3 million of which would have been contributed by Disney, leaving \$6.2 for KUA to share with FMPA. We would have gotten easements through DDC, essentially at no cost, from Reedy Creek without going through any of the property owners. Now we will be required to go to Reedy Creek for easements along the canal right-of-way for our transmission line. This route does have the least impact on the environment. Mr. Welsh said we are working with Black & Veatch to expedite all efforts on this project by prevailing on South Florida's cooperation. He highlighted several alternate routes. Our only concern now is that DDC may be reluctant to work with us to permit this fearing it has some impact on their overall permitting for Celebration City site.

**G. NEW BUSINESS - None**

**H. STAFF REPORTS**

**1. MONTHLY PROGRESS REPORT ON ENGINEERING PROJECTS**

Mr. Davis gave a verbal report on a potential substation site in the Boggy Creek area, discussed at the last meeting. The property is going through bank foreclosure which might enable us to purchase it at a reasonable price. Attorney Frank Starr and Mr. Davis are attempting to negotiate on Parcels C, F, H and J. An approximate cost might be in the \$20,000 per acre range for the estimated five acres, totaling \$100,000.

In response to Director Gant, Mr. Davis gave an update on the progress of the Administration facility on Carroll Street. The building is scheduled to be turned over to KUA on July 1st and we anticipate making the physical move on July 10th. A walk-through and punch list is planned for Friday. He explained some difficulties and delays were had with the carpet manufacturer which shipped inferior carpet. We are now dealing with a different manufacturer. A 10% retainage is held until everything is completed.

**2. CONDENSED FINANCIAL REPORT**

Mr. Hostetler gave a verbal review of the Operating Statement and brief explanation on our current standing. In May there was a \$511,801.35 loss. For the year we had a \$2.5 million net income from investment earnings. We are 2% behind in the entire year based on our revised projections which were substantially lower than our original budget. The first (Estimated) column of this report may be eliminated due to its not being as useful and accurate as expected. Staff agreed the computer-generated Operating Statement may be eliminated in its entirety. Questions by the Board were responded to by staff.

**3. MONTHLY REPORT ON POWER SUPPLY DEPARTMENT PROJECTS**

In response to Director Bobroff, Mr. Sharma said the outcome of the June 19, 1992 meeting on the Cane Island Gas Turbine

Project of permitting agencies, Black & Veatch and staff was favorable. They were sold on the project. We are looking at a December time frame.

Director Bobroff queried items on the SCADA project, Load Management and the COPA statement, which were answered.

**4. ELECTRICAL MAINTENANCE WORKSHOP/WAREHOUSE MEZZANINE**

Chairman Hord expressed concern that the fire sprinkler system is 75% installed and then the plans were submitted to the fire insurance company and what happens if they aren't approved.

Ken Lackey, Director/Transmission & Distribution, responded that the plans were sent to the Hartford Steam Boiler; they are approved and the system will be inspected tomorrow. Our design engineer was in contact with the insurer.

Chairman Hord stressed in all projects we should submit plans for approval first and then commence with the work to avoid any financial obligation in the event the insurance underwriter does not agree with it. Mr. Welsh said this is being done on the Cane Island project. The Electrical Maintenance Workshop and Warehouse Mezzanine project is three to four weeks from satisfactory completion.

**5. DEMINERALIZER REGENERANT AND RINSE REUSE**

Mr. Sharma gave a presentation, using overheads, describing how this process works. It was the brainchild of several of his department employees, who are to be commended. The modified system has negated the need for caustic soda for neutralization of the regenerant, eliminated the discharge to the city sewer and reduced the acid requirement for the tower sump by 25%, saving KUA money in all three areas. Through reuse of the water and reduced sewer costs, further savings are realized. Total annual savings would be approximately \$31,250. The members agreed to this being a great idea.

**I. CONSENT AGENDA**

Chairman Hord pulled item #4 of the Consent Agenda for discussion.

Director Jones moved for approval of items 1, 2 and 3 of the Consent Agenda. Seconded by Director Gant.

1. APPROVAL OF MINUTES OF MAY 20, 1992, SPECIAL MEETING
2. APPROVAL OF MINUTES OF MAY 27, 1992, MEETING
3. APPROVAL OF MINUTES OF JUNE 3, 1992, SPECIAL MEETING

Motion carried 5 - 0

**4. NEPTUNE ROAD RELOCATION CONSTRUCTION BID AWARD  
IFB #028-92**

Approved: Terry's Electric, Inc. bid for \$97,943.

Chairman Hord said he was pleased to see Terry's Electric's competitive price but wondered why more bidders weren't involved. Mr. Davis stated this bid is more pronounced because it is a rather small job. Chairman Hord then inquired whether we should be doing more jobs like this ourselves. Mr. Ken Lackey said we do not have the heavy equipment necessary to handle the huge concrete poles and

the stringing equipment is not designed to install transmission-size conductors. The equipment we have is for distribution and not transmission line work. Basically, to gear up in terms of equipment and training is not cost effective for transmission lines. We do handle the smaller projects.

**Director Lowenstein moved to approve item #4 of the Consent Agenda. Seconded by Director Bobroff.**

**Motion carried 5 - 0**

**J. HEAR GENERAL MANAGER, ATTORNEY, DIRECTORS**

**GENERAL MANAGER**

Mr. Welsh said the Stanton Energy Center II (SEC II) closing with FMPA will take place on Thursday, June 25.

Mr. Welsh stated that Orlando Utilities Commission's new General Manager is Mr. Troy Todd, the former President of United Telephone who recently retired. OUC is eager to continue the business relationships as set up in the past. Their new Finance Director is Mr. John Hearn, whom KUA and the City formerly employed as Finance Director.

**ATTORNEY**

Attorney Brinson briefly updated the members on the Lyng property being considered for the Clay Street substation. The County has approved this property for conditional use. One property owner protested; copies of her attorney's letter were distributed to the Board for perusal. Basically, her attorney refers to inverse condemnation. We are not condemning anything. She professes fear of electromagnetic fields which is yet unproven. Attorney Brinson feels his responding by letter stating we have numerous substations in operation and have not received any complaints from surrounding property owners, would be the best course of action to take. It was felt no devaluation of property is involved. Attorney Brinson said it could be pointed out there is no physical intrusion on her property by KUA.

**DIRECTORS**

Referring to the Purchasing Report, Director Bobroff said that on purchases under \$25,000, there are no automotive/truck parts on inventory and asked why. Jim Tillman, Director/Materials Management, replied that we have blanket orders for these automotive parts so they don't show up on this Purchasing Report except when they are originated. We use three or four competitive automotive firms who accept blanket orders but they do not bid on these.

**K. ADJOURNMENT: Meeting adjourned at 8:35 p.m.**

  
CHAIRMAN

ATTEST:

  
SECRETARY

RESOLUTION #92-5

A RESOLUTION AMENDING RESOLUTION #91-8 BY  
CLARIFICATION OF SECTION 5 OF SAID  
RESOLUTION #91-8.

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF DIRECTORS OF THE  
KISSIMMEE UTILITY AUTHORITY IN LAWFUL SESSION ASSEMBLED AT  
KISSIMMEE, OSCEOLA COUNTY, FLORIDA, AS FOLLOWS:

SECTION 1. Section 5, as amended, the installation and  
operation of load management equipment shall be in accordance with  
the rate schedule 9.1.1 through schedule 9.1.5, Residential Service  
- Load Management. All new services with construction permits  
obtained after December 31, 1991 having load management equipment  
installed under this Resolution shall be required to participate in  
the minimum level of load management which is 100% control for water  
heaters and 33% control for central heating and/or central air  
conditioning.

SECTION 2. Except as herein amended by this clarification of  
Section 5, Resolution #91-8, shall remain in full force and effect.

SECTION 3. This Resolution shall take effect immediately upon  
its passage.

PASSED AND CERTIFIED AS TO PASSAGE this 24<sup>th</sup> day of

June, 1992.

Yeas 4

Nays 1

BY: Richard L. Hord  
Chairman, Richard Hord

ATTEST: Bob Bobroff  
Secretary, Bob Bobroff

RESOLUTION NO. R92-6

A RESOLUTION ADOPTING THE ANNUAL BUDGET OF THE KISSIMMEE UTILITY AUTHORITY FOR THE FISCAL YEAR BEGINNING OCTOBER 1, 1992, AND ENDING SEPTEMBER 30, 1993.

WHEREAS, the Charter of the Kissimmee Utility Authority requires the Authority to annually prepare and adopt a budget for the ensuing fiscal year, and

WHEREAS, the Charter of the Kissimmee Utility Authority vests the power to fix the salaries and wages of all officers and employees in the Board of Directors; and

WHEREAS, pursuant to these requirements an annual Budget Document for the Fiscal Year ending September 30, 1993 has been prepared and properly presented; and

WHEREAS, an advertisement in the local newspapers notified and invited the public to discuss and make comment on the subject budget at a public meeting to be held on June 24, 1992.

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF DIRECTORS OF THE KISSIMMEE UTILITY AUTHORITY, IN LAWFUL SESSION ASSEMBLED;

SECTION 1. The budget for Fiscal Year ending September 30, 1993, shall be \$117,499,799 as presented in the Budget Document;

SECTION 2. For purposes of this Resolution, budget transfers and amendments are defined as follows:

Budget Transfer -- A decrease or increase in a departmental total planned expenditure or revenue which does not alter the total budget.

Budget Amendment -- An increase or decrease in any revenue or in any expenditure the effect of which is to alter the total budget.

SECTION 3. The following levels of approval are required for Budget Transfers and Amendments:

Budget Amendments must have prior approval by motion of the Kissimmee Utility Authority Board.

Budget Transfers may be approved by the President & General Manager and shall be reported to the Board along with the monthly Condensed Financial Reports. However, transfers to or from Designated or Restricted Funds (as shown in Designations (92), Debt Retirement (90) and Reserve Requirements (91) but not Capital Improvements (95) nor Line Extension Funds (96)) must have prior approval by motion of the Kissimmee Utility Authority Board.

SECTION 4. The President & General Manager shall automatically adjust the appropriate accounts of the Fiscal Year 1993 budget by a maximum of the amount of unexpended funds for approved and appropriated projects remaining active at September 30, 1992. The above adjustments are to be reported to the Kissimmee Utility Authority Board along with the monthly Condensed Financial Reports.

SECTION 5. Any Fiscal Year 1992 funds appropriated but not expended or reestablished by Section 4, automatically lapse at September 30, 1992.

SECTION 6. The authorized number of employees is set forth in this budget. Increases in the authorized number of employees shall be approved only by the Kissimmee Utility Authority Board.

SECTION 7. The proposed budget for the Fiscal Year ending September 30, 1993 as presented in the Budget Document are hereby adopted.

SECTION 8. This Resolution shall take effect immediately upon its adoption.

Dated this 24th day of June, 1992.

  
CHAIRMAN

ATTEST:  
  
SECRETARY